

ASSEMBLY BILL

No. 1973

Introduced by Assembly Member Swanson

February 17, 2010

An act to add Sections 17053.76 and 23622.9 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1973, as introduced, Swanson. Income taxes: credits: qualified employees.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a hiring credit for qualified taxpayers who hire qualified employees, as defined, subject to specified criteria.

This bill would, for taxable years beginning on or after January 1, 2010, authorize a hiring credit under those respective laws for taxpayers who hire qualified employees, as defined.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17053.76 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.76. (a) (1) For each taxable year beginning on or after
- 4 January 1, 2010, there shall be allowed a credit against the “net
- 5 tax,” as defined in Section 17039, an amount as described in

1 paragraph (2), per each qualified employee employed by the
2 taxpayer during the taxable year.

3 (2) (A) Twenty percent of the gross salary for each qualified
4 employee employed by the taxpayer, not to exceed \$5,000, for the
5 first year of employment.

6 (B) Twenty percent of the gross salary for each qualified
7 employee employed by the taxpayer, not to exceed \$5,000, for the
8 second year of employment.

9 (b) The credit under subdivision (a) shall be allowed only with
10 respect to the first year of employment if the qualified employee
11 is employed by the taxpayer for 12 consecutive months from the
12 date of employment and only with respect to the second year of
13 employment if the qualified employee is employed by the taxpayer
14 for 24 consecutive months from the date of employment.

15 (c) For purposes of this section, “qualified employee” means
16 an individual who is an ex-offender employed by the taxpayer in
17 a part-time or full-time position. “Qualified employee” shall not
18 include an ex-offender who is required to register as a sex offender
19 pursuant to Section 290 of the Penal Code, or the equivalent in
20 another state or territory, under military law, or under federal law,
21 or was convicted of a serious or violent felony.

22 (d) Any deduction or credit otherwise allowed under this part
23 for the salaries paid or incurred by the taxpayer upon which the
24 credit is based shall be reduced by the amount of the credit.

25 (e) If the credit allowed by this section exceeds the “net tax,”
26 the excess may be carried over to reduce the “net tax” in the
27 following year, and succeeding years if necessary, until the credit
28 is exhausted.

29 SEC. 2. Section 23622.9 is added to the Revenue and Taxation
30 Code, to read:

31 23622.9. (a) (1) For each taxable year beginning on or after
32 January 1, 2010, there shall be allowed a credit against the “tax,”
33 as defined in Section 23036, an amount as described in paragraph
34 (2), per each qualified employee employed by the taxpayer during
35 the taxable year.

36 (2) (A) Twenty percent of the gross salary for each qualified
37 employee employed by the taxpayer, not to exceed \$5,000, for the
38 first year of employment.

1 (B) Twenty percent of the gross salary for each qualified
2 employee employed by the taxpayer, not to exceed \$5,000, for the
3 second year of employment.

4 (b) The credit under subdivision (a) shall be allowed only with
5 respect to the first year of employment if the qualified employee
6 is employed by the taxpayer for 12 consecutive months from the
7 date of employment and only with respect to the second year of
8 employment if the qualified employee is employed by the taxpayer
9 for 24 consecutive months from the date of employment.

10 (c) For purposes of this section, “qualified employee” means
11 an individual who is an ex-offender employed by the taxpayer in
12 a part-time or full-time position. “Qualified employee” shall not
13 include an ex-offender who is required to register as a sex offender
14 pursuant to Section 290 of the Penal Code, or the equivalent in
15 another state or territory, under military law, or under federal law,
16 or was convicted of a serious or violent felony.

17 (d) Any deduction or credit otherwise allowed under this part
18 for the salaries paid or incurred by the taxpayer upon which the
19 credit is based shall be reduced by the amount of the credit.

20 (e) If the credit allowed by this section exceeds the “net tax,”
21 the excess may be carried over to reduce the “net tax” in the
22 following year, and succeeding years if necessary, until the credit
23 is exhausted.

24 SEC. 3. This act provides for a tax levy within the meaning of
25 Article IV of the Constitution and shall go into immediate effect.